

також виступають політична стабілізація в країні, ефективна співпраця з міжнародними фінансовими організаціями та розробка і виконання чіткої державної стабілізаційної програми.

Література :

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provided by Institutional Repository of Vadym Hetman

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4. «Про окремі питання діяльності банків»: постанова Правління НБУ № 49 від 05 лютого 2009 р.

5. «Про внесення змін до Спеціального порядку здійснення заходів щодо фінансового оздоровлення банків»: постанова Правління НБУ № 225 від 16 квітня 2009 р.

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REGULATION OF BANKING IN UKRAINE

Nowadays, when economic processes are influenced by the crisis-related phenomena, the state's regulatory functions are becoming especially vital. In the first place, it is the banking system that requires most balanced and reasonable interference on the part of the state and the central bank.

Thus, while the aim of banking regulation can be defined as providing the reliability and stability of banks the need for such regulation is determined by the role banks play in an economic system and the specific nature of their activities.

According to the methods of regulatory influence, banking regulation can be classified into the following types: the method of direct influence and the method of indirect influence. The method of direct influence, as a rule, is of organizational and legal nature and consists in providing legal and other types of environment for the functions of the

banking system. The method of indirect influence is economic in its nature and is implemented through monetary policy, which in its turn affects the amount of loans banks can provide for making investments into the economy.

According to the regulatory influence on banks two types of supervision over the banking activities can be distinguished: self regulation through the market mechanism and government regulation.

In our opinion, effectively organised government supervision must be supplemented with self-regulation control, internal control.

In the situation when banking is under the influence of the world financial crisis the following processes can be observed in European countries. Central banks, supervisory bodies and regulators in the majority of developed countries use the following levels for supporting banking institutions:

- increasing the degree of cooperation between central banks in the sphere of monetary policy;
- providing additional resources by international financial organisations, stabilisation funds, etc;
- further disclosure by financial institutions of information concerning structural financing and techniques for evaluating it;
- improving standards of accounting and disclosure of information;
- introducing stricter requirements to credit rating agencies' evaluation standards and supervision over the agencies;
- setting reasonable (as a rule reduced) discount rates;
- changing the policies of refinancing banks;
- increasing control over the processes of maintaining banks' liquidity;
- strengthening and improving techniques and procedures for risk management;
- improving the effectiveness of the deposit insurance system and increasing its financial resources;
- the participation of government in the process of recapitalising of banks;
- introducing government insurance schemes for banks, etc.

As it can be seen in the current situation the role of banking regulation is increasing, overcoming the crisis is a very important aspect requiring thorough examination and the ability to act not only sensibly but also rapidly and resolutely.

Let us analyse the experience of the world community and individual countries in terms of their responding to the processes connected with the consequences of the crisis. Thus the Forum of Finan-

cial Stability (FFS), set up after the Asian crisis, coordinates international effort directed at designing a more stable financial system. The FFS has reached a consensus on the package of 67 recommendations in the political and economic spheres, which are targeted at overcoming the weaknesses revealed in the world financial system.

Besides, recommendations concerning transparency have been worked out, and at present they are being amended by the Basel Committee on Banking Supervision with the participation of private sector representative groups — Meetings of Participants in European and American Type Securitisation — European and American Securitisation Fora. In its turn the International Accounting Standards Board is intensifying its work directed at improving standards of accounting and disclosure of information for off-balance entities and developing recommendations on evaluation in conditions of non-liquid markets. The European Commission is initiating regulations concerning licensing (authorisation) of credit rating agencies and supervision over their activities (1).

Let us analyse the situation in Ukraine at the present stage. Now more than 30 Ukrainian banking institutions are grappling with financial difficulties, 15 of them are being managed by temporary administration. But not a single bank has been bailed out by the state so far, though corresponding measures have been provided for in the agreements with the International Monetary Fund (the IMF), and the 2009 budget earmarked UAH 44 bn for this purpose.

In mid April 7 banks have been selected as those which will be bailed out by the state: «Nadra», Ukrgasbank, «Finance and Credit», Ukrgasbank, Rodovid Bank, Imex-Bank, «Kyiv». Almost all these banks are under temporary administration (except «Finance and Credit» and Imex-Bank, which have NBU supervisors). The above-mentioned banks maintain about 20 % of all deposits belonging to individual customers. For taking over these banks the state needs about UAH 20 bn (\$ 2,5 bn). The government plans to have their share of capital in the banks accounting for 75 % + 1 share.

As far back as in 2008 according to the results of the survey by the National Bank of Ukraine, the additional capital needed by 17 largest banks accounting for 66 % of transactions performed by the banking system, was estimated at UAH 25 bn (3).

Conducting a survey of the banking sector and bailing out the banking system on the basis of its results are some of the steps provided for by the Memorandum on the Financial and Economic Policies signed by the IMF, the NBU and the government of Ukraine. The Memorandum contains jointly prepared recommendations on support-

ing the anti-crisis policies of the Ukrainian authorities which, if Ukraine follows them, can lead to our country's obtaining IMF stand-by credit.

The most widely spread instrument used by the NBU is the process of refinancing banks. 135 banking institutions owe the National Bank more than UAH 70 bn for refinancing while that amount of money outflow from banks exceeds UAH 80 bn. But in accordance with Article 86 of «The Law on the State Budget for 2009» the NBU is obliged to have its refinancing policies approved by the Cabinet of Ministers, which the IMF is strongly against.

Another way of replenishing Ukrainian banks' capital is through the mechanism of capital injections of international banks into their subsidiaries. In January 2009 seventeen banks signed an agreement on their commitments to increase the capital of their subsidiaries by \$3bn after providing the IMF with \$ 16,4 bn. But in spite of the country's unstable political situation some of these 17 banks make certain steps directed at realizing their recapitalisation plans. Thus, Italian Unicredit reported allocating UAH 500 bn (\$ 62 m) for enlarging the capital of Ukrspotsbank that was taken over by it in 2007. «Raiffeisen Bank Aval» reported the increase of its capital by UAH 860 m in February.

German Commerzbank agreed to a 33 per cent (\$ 8,5 m) increase of the capital of its subsidiary bank Forum in which it is the majority shareholder. Russian state bank VAB which has taken over Prominvestbank provided \$190 m to increase the capital. The shareholders of Ukrspitsbank, where half of the shares belong to French BNP Paribas, agreed to increase the bank's capital by 32 % to UAH 5,3 bn.

The National Bank of Ukraine, using normative and corrective methods of regulating banking activities, is trying to provide adequate response to the destabilising processes caused by the crisis. These methods include: introducing a moratorium on withdrawing deposits before their maturity, increasing the guaranteed amounts of physical persons' deposits, timely regulation of banks' foreign exchange transactions, introducing institution of temporary administration and others.

In accordance with the decree of the NBU «On Certain Issues of Banking» (4) and «Special Rules of Taking Measures for the Financial Rehabilitation of Banks» (5) changes have been introduced to the requirements for banks calculating their regulatory capital, some recommendations have been given concerning debt restructuring, the conditions of meeting certain economic standards have been altered, temporary administration have been given the right to reduce the value of a bank's authorised capital in the situation when the value of the registered authorised capital exceeds the value of the regulatory capital, etc.

Starting from the 6 of June the NBU Board of Directors' Decree of 30 April 2009 № 259 «On the Approval of the Provision on Regulating the Liquidity of Banks of Ukraine by the National Bank of Ukraine» comes into force.

The Provision was prepared in response to the need for differentiating between the functions of the NBU's regulation of the money and credit market through monetary policy instruments and its supporting banks with the aim of their financial rehabilitation within the limits of utilising prudential instruments. As a result the number of requirements for banks applying to the NBU has been reduced from 14 to 4. The maximum refinancing period has also been reduced from 365 to 90 days by inviting tenders for maintaining the liquidity of banks. The main instrument of refinancing is to be refinancing by holding 14-day tenders for maintaining the liquidity of banks as a result of which the base rate for refinancing loans will be set and it will determine the direction of the monetary policy.

It is evident that the process of regulating banking in Ukraine nowadays requires profound revision and transformation. First of all it concerns the state's participation in the capitalisation of banks, the improvement of the process of refinancing banks and granting stabilisation loans, managing banking risks and providing transparency of these processes. Other essential factors are political stabilisation in the country, effective cooperation with international financial organisations and development and fulfilment of a well-defined state stabilisation scheme.

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